

1 time in my recollection were seeking regulatory
2 clarity and hungry for regulatory clarity and
3 there was very little guidance available at the
4 time.

5 Q. And why were you sending Mr. [REDACTED] a
6 link to Perkins Coie's website?

7 A. I observed that there was a lot of
8 demand for legal advice and few law firms that
9 were providing legal advice on the topic of
10 digital assets and I thought he would be
11 interested in knowing that as a lawyer.

12 Q. Okay. Did Mr. [REDACTED] and his firm at any
13 point provide legal services to Ripple?

14 A. I don't know one way or another. I'm
15 not aware of them providing any services to
16 Ripple.

17 Q. So you said that -- that market
18 participants at the time were seeking regula --
19 regulatory clarity and were hungry for regulatory
20 clarity? You said that a moment ago. Do you
21 remember that?

22 A. Yes.

23 Q. During your time at Ripple, was Ripple
24 seeking regulatory clarity?

25 MR. GULAY: Objection;

1 foundation.

2 A. Ripple was generally, in my recollection
3 and view, the most proactive firm in the digital
4 asset space, trying to promote a regulated
5 environment and approach, and was doing its best
6 to embrace regulation and seek regulatory clarity.

7 Q. Okay. And in what way was Ripple
8 proactive, as you said?

9 A. Both through private discussions with
10 legal counsel as well as direct -- directly
11 seeking out members of the governance and
12 regulatory community to explain the technology and
13 explain what -- what was going on in the space
14 that Ripple saw happening.

15 Q. Okay. So during your time at Ripple,
16 which members of the governance and -- I forget
17 what words you used, but which regulators did --
18 did Ripple reach out to?

19 MR. HORTON: Objection to form;
20 lack of foundation.

21 A. I don't know the goings on of every
22 member of the company, but I know at a minimum,
23 Treasury, Federal Reserve, and certainly other
24 domestic and foreign regulators that are difficult
25 for me to recall on the fly.

1 Q. During your time at Ripple, did Ripple
2 reach out to the SEC for regulatory clarity?

3 MR. GULAY: Objection; lack of
4 foundation.

5 A. I'm not aware whether Ripple did or did
6 not have conversation with the SEC.

7 Q. Okay. And what is [REDACTED]?

8 A. A charity organization.

9 Q. And was the donation that's referenced
10 in your e-mail here to [REDACTED] of XRP, was
11 that part of Ripple's distribution strategy?

12 A. Yes. In general, Ripple had a
13 preference for charit -- charitably distributing
14 XRP if it was ignoring market impacts of its
15 actions.

16 THE REPORTER: Repeat.

17 A. In general, Ripple had a preference for
18 charitable distribution of XRP if it was ignoring
19 market impacts of its actions.

20 Q. And what do you mean "if it was ignoring
21 market impacts of its actions"?

22 A. As I mentioned earlier, giving away XRP
23 for zero I view harm -- in my view harmed
24 liquidity and price; but ignoring those impacts,
25 as some of the prior e-mails showed, Ripple had an

1 interest in charitably distributing XRP.

2 Q. And why did it have such an interest?

3 A. I don't know.

4 Q. Did you discuss that issue with anyone
5 at Ripple?

6 A. It's difficult to recall conversations
7 from 2013 about that now.

8 Q. So you don't have a general
9 understanding of -- of why they -- they preferred
10 charitable giving?

11 MR. HORTON: Objection.

12 A. My assumption is that the members of the
13 company looked favorably on altruistic acts.

14 Q. Okay.

15 MS. STEWART: Okay. Can we look
16 at PR-19 next? One-nine. And that's
17 Bates numbered RPLI_SEC 88057 to 58.

18 (Whereupon, exhibit is presented
19 and marked SEC Rapoport Exhibit PR-19 for
20 identification.)

21 (Pause)

22 A. Okay. I've read this.

23 BY MS. STEWART:

24 Q. Okay. Looking at the -- the last e-mail
25 in the chain, which is your 8:54 p.m. e-mail.

1 A. Yes.

2 Q. Do you see that?

3 Why did you write this e-mail?

4 A. I don't recall the discussions that
5 preceded this leading me to send this e-mail.

6 Q. Did anyone ask you to write this e-mail?

7 A. I don't think the recipients would have
8 asked me to provide this information to them.

9 Q. And who do you mean by "the recipients"?

10 A. I think if [REDACTED] and [REDACTED]
11 [REDACTED] were interested in this information, they
12 would ask their legal advisor.

13 Q. Okay. So then why were you sending them
14 this information?

15 A. It's hard to -- for me to remember what
16 my motivation was on January 2014 at 8 p.m.

17 Q. Okay. Do you recall any conversations
18 with -- well, let me step back.

19 What is [REDACTED]?

20 A. [REDACTED] is an asset management firm.

21 Q. Okay. And why at this time were you
22 having conversations with Mr. [REDACTED] and
23 Mr. [REDACTED]?

24 A. At some point before or after this
25 e-mail, they were investigating and -- and

1 proceeded to start a separate unaffiliated Ripple
2 market-making firm that did business under the
3 name of [REDACTED], as I mentioned earlier.

4 Q. Okay. And in connection with that deal,
5 did you have conversations with -- with
6 Mr. [REDACTED] or Mr. [REDACTED] about the issues that
7 are referenced in your e-mail here in Exhibit
8 PR-19?

9 MR. HORTON: Objection to form.

10 A. Any -- like any prudent financial market
11 participant, I believe all of the market-making
12 firms that ultimately engaged in trading on Ripple
13 did some form of investigation around these
14 questions prior to starting to trade on the
15 platform.

16 Q. Okay. Well, did you have discussions
17 with -- with either Mr. [REDACTED] and Mr. [REDACTED] or
18 any other individual of the firms you were talking
19 to? Did you have discussions about these issues?

20 MR. HORTON: Objection to form.

21 MR. GULAY: Objection to form.

22 A. While it's difficult to recall specifics
23 of discussions, I do recall that every
24 market-making firm generally did some form of
25 regulatory investigation prior to commencing to

1 trade on the Ripple network. And so I do recall
2 having -- I do generally recall having discussions
3 on this topic with many or most of the
4 market-making firms that ultimately moved forward.

5 Q. Did any of the market-making firms
6 express to you that XRP may be a security?

7 A. Each of them independently investigated
8 it, to my understanding, and all of them reached
9 the same conclusion, that it was not likely to be
10 considered a security. And so the primary area of
11 further investigation was around money
12 transmission regulation, which is what people
13 generally thought was more potentially applicable.

14 Q. Okay. Did you convey the discussions
15 that you were having with these market-making
16 firms to others at Ripple?

17 A. I'm sorry?

18 Q. Did you convey these discussions we've
19 been talking about that you were having with
20 market-making firms to others at Ripple?

21 MR. HORTON: Objection to form.

22 A. It's difficult for me to recall whether
23 I did or I didn't.

24 Q. So you start your e-mail, the bottom
25 e-mail, saying "I want to emphasize that I'm not a

1 lawyer, nor do I have expertise on these issues.

2 But here are some interpretations/excerpts I've
3 picked up after talking to a bunch of legal
4 experts (many of whom had" differ -- "differing
5 opinions, I might add) ."

6 Who are the bunch of legal experts that
7 you talked to?

8 A. I had a very large number of
9 conversations with a large number of people on the
10 topic of Ripple and so it's difficult for me to
11 recall who I would have talked to apart from
12 Ripple's internal counsel and Ripple's external
13 counsel.

14 Q. How did it come that you undertook to
15 speak to all of these lawyers about these issues?

16 MS. BUNTING: Objection.

17 MR. GULAY: I just want to pause
18 here. You can -- you can answer the
19 question, but I would just caution you not
20 to reveal the substance of any privileged
21 communications with Ripple's lawyers.

22 A. As you can see from Exhibit PR-15, in my
23 conversations with [REDACTED] I was generally
24 willing to talk to anyone who would listen about
25 Ripple, and that included people from a variety of

1 different professions, some of whom were legal
2 professionals. So that's how I came to speak with
3 people who are not Ripple's counsel on the topic.

4 Q. So I'm just trying to understand sort of
5 the chronology here.

6 Was it the case that you wanted to put
7 together this e-mail and then you went and sought
8 out lawyers to talk to or was it the case that
9 you'd already talked to lawyers among the various
10 other people you talked to and then you put that
11 information in this e-mail?

12 MS. BUNTING: Objection.

13 MR. HORTON: Objection to form.

14 A. I independently looked up the legal
15 excerpts and had an interest in reading them on a
16 personal level that are referenced in this e-mail.
17 This isn't something somebody sent to me.

18 THE REPORTER: Repeat the last
19 part.

20 A. I independently looked up legal excerpts
21 or excerpts from -- from laws, I guess, that --
22 that I had a personal interest in understanding
23 and reading. And this is not information that
24 someone else sent to me.

25 Q. But in terms of the legal experts you

220

1 talked to, the individuals, did you do that in
2 order to put this document together or had you
3 already done that as part of your job
4 responsibilities?

5 MR. GULAY: Objection; calls
6 for --

7 MR. HECKER: Objection.

8 MS. BUNTING: Objection.

9 A. As a matter of --

10 MR. GULAY: Well, hold on.

11 MR. HECKER: Go ahead.

12 THE WITNESS: You want to --

13 MR. GULAY: We -- I mean, I think
14 that calls for -- you know, if it's
15 requesting for legal advice, I think that
16 this calls for potentially privileged
17 information. You know, the reason why he
18 wanted to seek advice from lawyers.

19 MS. STEWART: Okay. I'll --
20 I'll -- I'll rephrase the question.

21 BY MS. STEWART:

22 Q. What I'm trying to understand is whether
23 you wanted to write an e-mail that you would then
24 send to third parties with -- with this
25 information and to do that, you sought out legal

1 experts.

2 Is that how it happened?

3 MS. ZORNBERG: Might I suggest a
4 short break? Because maybe we can speak
5 to him and -- you know, or his counsel
6 can, to clarify what you're trying to get
7 at and find a way that he can answer in a
8 way that's comfortable without -- you
9 know, avoiding privilege issues.

10 MS. STEWART: That's fine.

11 MR. TENREIRO: Sure. Just before
12 we go off the record, again, I mean, this
13 is an example of him saying to someone
14 else, most -- most lawyers I've spoken to.
15 So as we discussed this morning, I'm not
16 sure what the basis of asserting privilege
17 over what he's conveying to other people
18 is. So let's go off the record and
19 discuss that, but I think that's what
20 she's trying to talk about so --

21 MR. HORTON: I think we heard the
22 questions differently.

23 MR. TENREIRO: Okay. That's --
24 that's possible. Sure. But let's go off
25 the record and talk about it and see what

1 we can do.

2 MS. STEWART: Yeah.

3 THE VIDEOGRAPHER: Going off the

4 record at 3:19.

5 (Whereupon, a recess is taken.)

6 THE VIDEOGRAPHER: Okay. Back on

7 the record at 3:30.

8 MR. GULAY: Okay. So, yeah,
9 we are prepared to make a -- a proffer
10 about this particular document in the
11 hopes that it will clarify things and for
12 further questioning.

13 So prior to the date of the
14 e-mail, January 4th, 2014, Mr. Rapoport
15 had some discussions with Ripple's
16 lawyers as well as other attorneys who
17 were not representing the company at the
18 time, some of whom were his friends. He
19 can't parse which discussions led to
20 which portions of the e-mail. So, in
21 other words, he can't parse whether
22 discussions with Ripple's counsel led to
23 certain portions of this e-mail or his
24 understanding informing certain portions
25 of this e-mail as opposed to his

1 discussions with the non-Ripple
2 attorneys.

3 The document does reflect
4 Mr. Rapoport's efforts to, you know,
5 share his then-present understanding of
6 these topics with [REDACTED]

7 He -- he did not -- for purposes
8 of this e-mail, he did not speak with any
9 attorneys for the -- for the purpose of
10 writing the e-mail or -- and he did not
11 ask any attorneys to review the e-mail,
12 so it doesn't reflect direct input of
13 attorneys.

14 So we think that you can -- you
15 know you can ask -- you can him
16 questions, but, you know, he just doesn't
17 have recollection of those privileged
18 communications with Ripple attorneys.

19 And, so, Mr. Rapoport, can you
20 just confirm that that accurately
21 reflects your understanding and
22 recollection of this e-mail and its
23 preparation?

24 THE WITNESS: Yes, that's
25 correct.

1 MS. STEWART: Okay. Thank you.

2 That's helpful.

3 BY MS. STEWART:

4 Q. So first focusing on the conversations
5 you had before this e-mail with Ripple's lawyers,
6 I don't want to know about the substance of those
7 conversations, but who were the lawyers that you
8 spoke with?

9 A. Having seen [REDACTED] name on a
10 prior document from Perkins Coie, I remember his
11 particular name, but I don't otherwise recall the
12 names of specific attorneys outside of Ripple that
13 were -- that were engaged by Ripple in an official
14 capacity.

15 Q. Do you remember any other law firms?

16 A. I remember Paul Hastings was another law
17 firm that Ripple worked with at times.

18 Q. And do you recall conversations with
19 Paul Hastings prior to this e-mail?

20 A. I don't recall any specific
21 conversations with Paul Hastings or the timing of
22 those conversations.

23 Q. Okay. And were there also conversations
24 with Ripple's in-house lawyers?

25 A. I had a number of conversations with

1 [REDACTED], who was, I believe, general counsel
2 internally for a period of time. But, again,
3 specifics of those are -- are difficult to recall
4 given how much time has passed.

5 Q. Okay. And in terms of the other
6 attorneys who are not Ripple's attorneys, who did
7 you speak with?

8 A. I can freshly remember [REDACTED]
9 which I would not have otherwise recalled had you
10 not just shown me this e-mail. But I have a
11 number of friends who are attorneys and this was a
12 topic that was of personal interest to me even
13 prior to my time at Ripple Labs. And so I had a
14 number of discussions with friends over the course
15 of a number of years.

16 Q. Okay. Do you recall the names of any of
17 those friends?

18 A. Which friends were both attorneys and
19 that I had discussions with is, again, difficult
20 for me to -- to remember given how much time has
21 passed.

22 Q. Okay. So you say here in your e-mail,
23 under number 1, "Most lawyers whom I've spoken" --
24 I think that should be spoken with -- "seem quick
25 to agree that XRP is not a security."

1 Do you see that?

2 A. I do.

3 Q. Were there lawyers who were friends of
4 yours who you spoke with who -- who did think XRP
5 was a security?

6 A. In my recollection, it was
7 unanimously -- everyone unanimously thought that
8 this was not really a critical question and that
9 XRP was clearly not likely to be a security.

10 Q. Okay. But you wrote in your e-mail
11 "most lawyers."

12 So what does that refer to?

13 MR. HORTON: Objection.

14 A. I don't recall the specific thought
15 process, but some of the lawyers I spoke with may
16 not have had a view or expertise on whether or not
17 something is a security, so they may not have had
18 any opinion at all.

19 Q. Okay. Now, you -- you -- you mentioned
20 that this topic was of general interest to you, is
21 that right?

22 A. The regulation of digital assets was
23 broadly interesting to me, yes.

24 Q. Okay. Were there others at Ripple that
25 you're aware of who were also interested in this

1 topic?

2 MR. HORTON: Objection to form.

3 A. I would assume so, but I don't have
4 specific examples to reference on that.

5 Q. Did you discuss this topic with others
6 at Ripple?

7 A. I'm sure I did but I can't recall
8 specific conversations.

9 Q. And -- and you said earlier, before our
10 break, that the market-making firms that you were
11 interacting with were doing their own due
12 diligence on these regulatory issues, is that
13 right?

14 A. That's what I understood to be true,
15 yes.

16 Q. Did -- did Ripple provide facts or other
17 information to those market-making firms as part
18 of their due diligence?

19 MR. GULAY: Objection to form.

20 A. I believe I shared certain documents
21 like the white paper that had Perkins Coie's logo
22 on the top of it that we -- that we looked at
23 earlier today.

24 Q. Okay. Any other facts or information
25 that you related in a more informal way, whether

1 over the phone or by e-mail or in person --

2 MR. HORTON: Objection.

3 MR. GULAY: Objection to form.

4 Q. -- that would go into such an analysis?

5 MR. HORTON: Objection to form.

6 A. I viewed all of these firms and people
7 to be sophisticated financial market participants
8 who would have relied on their own due diligence
9 and analysis and not anything that I said beyond
10 maybe to help identify what the primary areas of
11 investigation could be.

12 Q. And you go on in this document to -- to
13 talk about the fact that "XRP doesn't qualify as a
14 currency under the U.S. Treasury's definition," is
15 that right?

16 A. That's what this -- that's what this
17 e-mail says.

18 Q. Okay. And what was this based on, your
19 conclusion?

20 A. This was my current understanding
21 synthesizing a variety of conversations and things
22 that I had read.

23 MR. GULAY: And the same
24 instruction about your discussions with
25 Ripple counsel.

1 THE WITNESS: Understood.

2 BY MS. STEWART:

3 Q. By sending this document to [REDACTED]

4 [REDACTED] -- well, strike that.

5 By sending this document to Mr. [REDACTED]

6 and Mr. [REDACTED] were you trying to provide
7 assurances to them about the regulatory landscape?

8 MR. HORTON: Objection to form.

9 MS. BUNTING: Objection.

10 A. For context, I'd known both of these
11 people, you know, in excess of 10 and 20 years.
12 And so this was a conversation between friends
13 about a topic of mutual interest and was not meant
14 to provide assurances about anything.

15 Q. But it was a topic of mutual interest
16 concerning a transaction that you were
17 contemplating, right?

18 MR. HORTON: Objection to form.

19 A. It -- it was related to, yes.

20 Q. Okay.

21 MS. STEWART: Can we look at 20
22 next?

23 BY MS. STEWART:

24 Q. Sticking with PR-19 for a second, the
25 very last sentence on the first page of the

230

1 document where the sentence before says they --
2 "They also all specify that in order to be a
3 currency, it must be the legal -- "the legal
4 tender of some sovereign. Pretty clear-cut."

5 Do you see that?

6 A. I do.

7 Q. What did you mean by "pretty clear-cut"?

8 A. This is an e-mail that begins with "I
9 want to emphasize that I'm not a lawyer, nor do I
10 have expertise on these issues." But in my
11 amateur reading of the excerpts that were attached
12 to this e-mail, I thought it was clear-cut from
13 the plain English reading of these that digital
14 assets are not currencies under the way I read
15 those definitions.

16 Q. Okay.

17 (Whereupon, exhibit is presented and
18 marked SEC Rapoport Exhibit PR-20 for
19 identification.)

20 MS. STEWART: PR-20 is Bates
21 numbered RPLI_SEC 88024 to 25.

22 MS. FORBES: Could you repeat the
23 exhibit number, please?

24 MS. STEWART: Twenty.

25 MS. FORBES: Twenty?

1 MS. STEWART: Yes.

2 MS. FORBES: Thank you.

3 (Pause)

4 THE WITNESS: Okay. I've
5 reviewed this.

6 BY MS. STEWART:

7 Q. Okay. And who is [REDACTED]?

8 A. [REDACTED] is a representative of
9 a market-making firm, trading firm.

10 Q. And is that [REDACTED]?

11 A. Yes.

12 Q. Okay. And what was the relationship
13 between [REDACTED] and Ripple at this time in
14 2014?

15 MR. HORTON: Objection to form.

16 A. At some point, I'm not certain if it was
17 before or after the time stamp on this e-mail,
18 [REDACTED] and his team became -- had -- had
19 a formalized relationship with Ripple as market
20 makers and received compensation for services.

21 Q. Okay. And am I correct that you send
22 the same e-mail that we had just looked at in
23 PR-19, you send that e-mail to [REDACTED]
24 and [REDACTED] is that right?

25 A. Yes, it looks like the same e-mail.

1 Q. Okay. And why did you send this e-mail
2 to Mr. [REDACTED] and Ms. -- Mr. [REDACTED] -- is it
3 Mr. [REDACTED]?

4 A. Yes.

5 Q. Okay.

6 A. I personally found it interesting
7 looking through the actual texts of -- of these
8 definitions and how they're written. And, again,
9 this was a topic -- I was aware of the fact that
10 all of the firms did their own independent
11 investigation and I thought that -- I'm assuming.
12 I don't recall sending this specific e-mail, but
13 I'm assuming I thought they would find it
14 interesting to also read the actual language as
15 opposed to just speaking with legal professionals
16 as people would typically do when they
17 investigate.

18 THE REPORTER: Repeat the last
19 part.

20 A. As opposed to just speaking with legal
21 professionals as people typically do when they
22 investigate a matter.

23 Q. And who is [REDACTED]?

24 A. [REDACTED] worked at a firm called
25 [REDACTED] which was at times engaged by Ripple

1 Labs.

2 Q. For what services?

3 A. [REDACTED] was a -- is a regulatory
4 advisory firm.

5 Q. And was there a call with Mr. [REDACTED]
6 and Mr. [REDACTED]?

7 A. It appears from this e-mail that there
8 was a call together with [REDACTED].

9 Q. And what was the nature of that call?

10 A. I don't recall the specific discussion,
11 but my assumption is that we held a call for these
12 individuals to speak with [REDACTED] about his
13 area of expertise, which is regulatory issues.

14 Q. What types of regulatory issues?

15 A. I don't recall what was discussed on the
16 call and I don't frankly recall [REDACTED]
17 specific background without looking it up.

18 Q. And then you send, also, some FinCEN
19 guidance. You send a link to FinCEN guidance in
20 this e-mail.

21 Do you see that?

22 A. Yes.

23 Q. Why did you send that?

24 A. In my recollection, this was the primary
25 regulatory guidance that was available at the

1 time.

2 Q. And then you say in the third bullet,
3 "This is a good summary of the legal landscape
4 from Katten."

5 Do you see that?

6 A. I do.

7 Q. Why did you send that link to
8 Mr. [REDACTED] ?

9 A. I don't recall the content of that link.

10 Q. Other than the documents we've looked
11 at, PR-19 and PR-20, were there others -- other
12 third parties that you sent the legal definitions
13 to?

14 A. Given that I sent it to two groups of
15 people, it's plausible that I sent it to others,
16 but I don't recall whether I did or didn't.

17 MS. STEWART: Nicole, PR-21 next,
18 please.

19 (Whereupon, exhibit is presented
20 and marked SEC Rapoport Exhibit PR-21 for
21 identification.)

22 MS. STEWART: PR-21 is Bates
23 numbered SEC-[REDACTED]-E-72551. It's a
24 one-page document.

25 (Pause)

1 THE WITNESS: Okay. I've
2 reviewed this document.

3 MS. STEWART: Okay.

4 BY MS. STEWART:

5 Q. Who is [REDACTED]?

6 A. [REDACTED] was a representative of a
7 market-making firm called [REDACTED].

8 Q. And who is [REDACTED]?

9 A. He's an associate at the same firm.

10 Q. Okay. And did -- did this firm have
11 a -- a relationship with Ripple in 2014?

12 A. Similar to the others. I don't recall
13 whether the formalization of a relationship
14 occurred before or after this timestamp, but
15 eventually they did have a -- a similar formalized
16 relationship for market-making services with
17 Ripple --

18 Q. And what did you say -- I'm sorry.

19 A. With Ripple Labs.

20 Q. Thank you.

21 What did you say the name of the firm
22 was?

23 A. [REDACTED] was the d/b/a. I
24 don't remember the entity name.

25 Q. And were they affiliated with [REDACTED]

1 [REDACTED]

2 A. No. Not to my knowledge.

3 Q. Okay. So what -- what is -- what are
4 you discussing in this e-mail that's Exhibit
5 PR-21?

6 A. Without seeing other communications from
7 around that time, I don't remember the specifics
8 of what we were discussing.

9 Q. When you say in your e-mail "We're
10 making progress in finding the right structure,"
11 what are you referring to?

12 A. I do have a general recollection from
13 this time period being on the phone discussing tax
14 issues. I don't remember the nature of the
15 question that we were trying to resolve. But,
16 generally speaking, the area, the whole space had
17 a lot of questions around tax accounting treatment
18 and all sorts of other questions. So this was not
19 uncommon.

20 MR. GULAY: Here I just want to
21 caution you not to reveal the substance of
22 any privileged communications you may have
23 had with lawyers at Perkins Coie.

24 THE WITNESS: Understood.

25 BY MS. STEWART:

1 Q. Did you discuss with Mr. [REDACTED] or
2 Mr. [REDACTED] the nuances of your discussions with
3 Perkins and [REDACTED] as you say in your e-mail,
4 when you say "I'd be happy to explain the nuances
5 over the phone"?

6 MR. GULAY: Same objection.

7 MR. HORTON: I'm also going to
8 object in that it's not clear that that's
9 what the e-mail says.

10 MS. STEWART: Okay. I'll --
11 I'll -- I'll restate the question.

12 BY MS. STEWART:

13 Q. You say in your e-mail "I'd be happy to
14 explain the nuances over the phone if you're
15 interested."

16 Do you see that?

17 A. Yes.

18 Q. Did you, in fact, have a conversation
19 where you explained the nuances to Mr. [REDACTED] and
20 Mr. [REDACTED].

21 A. I -- I really don't have recollection of
22 the overarching topic that this e-mail is -- is
23 fitting into to -- to answer that.

24 Q. Okay.

25 MS. STEWART: Can we do 22 next?

1 PR-22, please, Nicole. And
2 that's Bates numbered RPLI_SEC 12150 to
3 51.

4 (Whereupon, exhibit is presented
5 and marked SEC Rapoport Exhibit PR-22 for
6 identification.)

7 (Pause)

8 A. Okay. I've reviewed the document.

9 BY MS. STEWART:

10 Q. Okay. Who is [REDACTED]?

11 A. Based on the content of this e-mail, it
12 appears it's a cold e-mail from the website. I
13 don't believe I had any further interaction with
14 this person before or after this e-mail.

15 Q. Okay. You say in your e-mail to
16 Ms. [REDACTED], "There are a lot of
17 legal/regulatory and licensing requirements
18 involved in the idea you described. It's very
19 important that we remain 100 percent compliant and
20 friendly with regulators. That is one (of
21 several) reasons that we generally give away XRP
22 to individuals and have not experimented with
23 selling it."

24 Do you -- do you see that?

25 A. Yes.

1 Q. Was it accurate as of February 2014
2 that -- that Ripple had not experimented with
3 selling XRP?

4 A. I'd have to look back through some of
5 these documents to confirm that that -- if that is
6 true or not.

7 Q. Okay. When you joined Ripple in 2013,
8 was it the case that Ripple had not sold XRP?

9 MR. GULAY: Objection. Also, the
10 e-mail's not clear whether its refers to
11 selling it full stop or selling to
12 individuals.

13 A. I don't have specific recollection of
14 writing this e-mail, but I'm assuming that this
15 reflected my understanding at the time based on
16 the information that was available to me as a
17 relatively new employee of the company.

18 Q. Okay. You say in your e-mails that
19 being friendly with regulators and 100 percent
20 compliant is one of several reasons that Ripple
21 does giveaways, is that right?

22 A. That's what the e-mail says.

23 Q. Okay. Is that -- is that accurate?

24 A. It was important for us to be compliant
25 and friendly with regulators. And I assume the

1 sentence that says that this is one of several
2 reasons that we generally give away to
3 individuals -- that "we generally give away XRP to
4 individuals and have not experimented with selling
5 it," I assume that reflects my understanding at
6 the time.

7 Q. Okay. What are the other reasons that
8 Ripple was doing giveaways as opposed to selling
9 XRP at this time in 2014?

10 A. As I mentioned earlier, at the inception
11 of the company, there was a desire to be
12 charitable and do good deeds with the -- the
13 assets that the company held.

14 Q. Any other reason?

15 A. None that I can think of currently.

16 Q. One more question on the document that
17 we had looked at earlier, the e-mails that you had
18 forwarded to Mr. [REDACTED] and to Mr. [REDACTED],
19 PR-19 and PR-20.

20 A. Yes.

21 Q. Did you -- so I see that you copied
22 Mr. Griffin on both those e-mails.

23 Were others at the -- at the company
24 aware that you were sending these e-mails to third
25 parties?

1 MR. HORTON: Objection to form.

2 A. No, I don't believe others would have
3 had any reason to know about these e-mails. These
4 were a synthesis of my personal understanding
5 based on conversations I had.

6 Q. Are you familiar with an entity called

7 [REDACTED]?

8 A. Yes.

9 Q. Okay. And is that entity known as [REDACTED]?
10 A. Yes.

11 Q. Okay. How did you come to know [REDACTED]?

12 A. I don't remember the specific genesis of
13 how we met, but at some point in time I met them
14 and -- and had numerous conversations over a
15 period of time about Ripple.

16 Q. Had you met anyone from [REDACTED] before your
17 time at Ripple?

18 A. No.

19 Q. And what was the nature of [REDACTED]
20 relationship with Ripple?

21 A. [REDACTED] I believe, ultimately invested in
22 the equity of Ripple Labs, Inc. and also purchased
23 XRP, if I recall, but the specifics are difficult
24 to remember without researching it.

25 Q. Okay. Let's look at some documents and

1 maybe that will refresh your recollection.

2 MS. STEWART: Can we look at

3 PR-39?

4 And PR-39 is Bates numbered [REDACTED]

5 2320. It's a one-page document.

6 (Pause)

7 THE WITNESS: Okay.

8 BY MS. STEWART:

9 Q. Okay. So what is this e-mail exchange
10 between you and [REDACTED] about?

11 A. I don't recall this independently, but
12 based on reading the e-mail, it appears that [REDACTED]
13 was interested in purchasing [REDACTED] worth of
14 Ripple -- of XRP.

15 Q. Of XRP.

16 A. Yes.

17 Q. And you say in your e-mail to Mr. [REDACTED]
18 [REDACTED] at the bottom, you say "Our intention is to
19 completely stop these OTC transactions after our
20 funding round closes, and we generally view XRP to
21 be undervalued at these levels."

22 Do you see that?

23 A. Yes.

24 Q. What did you mean by this?

25 A. The first clause I think agrees with

1 some of the other e-mails that we've looked at
2 today, which is that various individuals had
3 conveyed this intent to stop selling OTC after a
4 funding round closes.

5 And the second clause, it's difficult
6 for me to say without knowing the price on that
7 day and the events, you know, surrounding that
8 day. My memory just isn't that good about market
9 activities in 2014.

10 Q. Okay. Okay. The next sentence you say
11 "When we close the 'OTC window' and push everyone
12 into the market soon, we think it will have a
13 bullish effect on price going forward."

14 Do you see that?

15 A. Yes.

16 Q. And what did you mean by "bullish effect
17 on price"?

18 A. We talked about this concept a little
19 bit earlier, which is that in a -- in any market,
20 if all the buyers purchase directly from an
21 entity, in a hypothetical scenario, if a hundred
22 percent of buyers purchase from an entity and only
23 sellers went to the market, there's no mechanism
24 for the price to ever go up. It could only go
25 down.